TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Update on State Legislation	ITEM NUMBER: 8a
	ATTACHMENT(S): 1
ACTION:	MEETING DATE: September 2, 1999
INFORMATION: <u>X</u>	PRESENTER: Mr. Derman

SUMMARY

No new legislation has been introduced as of the date of this mailing. Any subsequent information will be provided at the meeting.

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<

AB 29 AUTHOR: Assembly Member Pacheco

TITLE: Grade 10 class size reduction and earnings limit exemption

AMENDED: 3/23/99

LOCATION: Assembly Appropriations (Two-year bill)

BOARD POSITION: Support, if amended*

SUMMARY: Establishes a class size reduction program for two courses in Grade 10, and exempts retired members teaching in such classrooms from the earnings limit.

COSTS: Benefit Program – No material effect.

Administrative – Absorbable costs.

P – None known

O – None known

AB 81 AUTHOR: Assembly Member Cunneen

TITLE: Earnings limit waiver for math and science teachers

AMENDED: 4/6/99

LOCATION: Assembly Revenue and Taxation (Two-year bill)

BOARD POSITION: Support*

SUMMARY: Exempts from the earnings limit retired teachers hired by school districts to teach high school math or science.

COSTS: Benefit program – No material effect on benefits.

Administrative – Absorbable within existing resources.

P – Semiconductor Equipment Materials International

LEGISLATIVE SUMMARY - REGULAR BOARD 1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<<

AB 311 AUTHOR: Assembly Member Honda

TITLE: CalSTRS Board elections

AMENDED: 6/24/99

LOCATION: Senate Appropriations BOARD POSITION: No Position*

SUMMARY: Requires that six members of the CalSTRS board be elected by the members of the group to which they belong, for 4-year terms commencing in 2001 and 2002.

COSTS: Benefit program – None.

Administrative – \$145,500 average annual cost.

P – CTA (Sponsor), ACSA, CFT, CRTA, FACCC, ART

O - None known

AB 335 AUTHOR: Assembly Member Mazzoni

TITLE: Earnings limit waiver for class size reduction

LOCATION: Chapter 40, Statutes of 1999

BOARD POSITION Sponsor*

SUMMARY: Extends the existing earnings limit waiver to any member who retired by July 1, 1998 and teaching in a classroom created by any class size reduction program authorized in the Education Code.

COSTS: Benefit program – No material effect on benefits.

Administrative – Absorbable within existing resources.

P-CFT

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<

AB 429 AUTHOR: Assembly Member Correa

TITLE: Gainsharing AMENDED: 5/20/99

LOCATION: Senate Appropriations BOARD POSITION: Sponsor*

SUMMARY: Authorizes the Teachers' Retirement Board to allocate excess investment earnings to pay statutorily authorized benefits to active and retired DB Program members, after setting aside funds to provide for the maintenance of a reasonable reserve.

COSTS: Benefit program - Potentially billions of dollars from surplus

assets, depending on availability of funds.

Administrative - Costs will vary depending on the benefit

enhancement funded with the gainsharing revenue.

P - ACSA, CRTA, Small School Districts Association

O - None known

AB 596 AUTHOR: Assembly Member Honda

TITLE: Member purchase of credit for Peace Corps and Americorps

VISTA service

AMENDED: 6/22/99

LOCATION: Senate Appropriations

BOARD POSITION: Neutral, if amended*

SUMMARY: Authorizes CalSTRS members to elect to purchase up to three years credit for time served as a volunteer in the Peace Corps or Americorps VISTA.

COSTS: Benefit program - No net cost.

Administrative - Under \$20,000.

P - Author

LEGISLATIVE SUMMARY - REGULAR BOARD 1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<

AB 684 AUTHOR: Assembly Member Honda

TITLE: Compounded COLA

LOCATION: Assembly Appropriations (Two-year bill)

BOARD POSITION: Support, if amended*

SUMMARY: Provides that, effective 9/1/2001, the annual improvement factor for allowances paid by the Defined Benefit Program be compounded.

COSTS: Benefit program – \$171.7 million in annual contributions for 30

years.

Administrative – One time implementation costs of approximately

\$190,000.

P - CFT

O – None known

AB 724 AUTHOR: Assembly Member Dutra

TITLE: "Y2K" Remediation

AMENDED: 7/15/99 LOCATION: Senate Rules BOARD POSITION: Neutral*

SUMMARY: Makes a variety of changes to address the impact of the "Y2K Problem" on state agencies, including creating a state employee worker pool composed of programmers/technicians to be reassigned to state agencies with Y2K problems. Agencies not required to submit FSR's, such as CalSTRS, would be exempt from participation in the worker pool.

COSTS: Benefit program - None.

Administrative - None.

P - Author

LEGISLATIVE SUMMARY - REGULAR BOARD 1999-2000 Regular Session – August 13, 1999

AB 819 AUTHOR: Assembly PER&SS

TITLE: Internal Revenue Code 415 compliance

AMENDED: 6/3/99

LOCATION: Senate Appropriations BOARD POSITION: Sponsor*

SUMMARY: Establishes a replacement benefit program in compliance with

Section 415 of the IRC.

COSTS: Benefit program – Minor one time cost. No net actuarial cost.

Administrative – Absorbable within existing resources.

P – CalSTRS (Sponsor), ACSA

O – None known

AB 820 AUTHOR: Assembly PER&SS

TITLE: Partial redeposits of withdrawn contributions, monthly SBMA

payments and board waiver of options provisions

LOCATION: Assembly Appropriations (Two-year bill)

BOARD POSITION: Support, if amended*

SUMMARY: Authorizes a CalSTRS member to redeposit a portion of the refunded contributions. Provides for the payment of monthly rather than quarterly supplemental benefits. Permits the Board to waive provisions affecting options if there is no material impact on the fund.

COSTS: Benefit program – Loss in interest to SBMA.

Administrative – Initial increased cost to pay SBMA monthly. Ongoing savings by consolidating SBMA payment with allowance

payment.

P – CRTA, CTA (Co-Sponsors)

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<

AB 821 AUTHOR: Assembly PER&SS

TITLE: One-year final compensation

AMENDED: 6/14/99

LOCATION: Senate Appropriations

BOARD POSITION:Support, if amended*

SUMMARY: Bases "final compensation" on the highest average annual compensation earnable by a member during a consecutive 12-month period of employment rather than highest three consecutive years.

COSTS: Benefit program – Estimated \$336 million in annual contributions

for 30 years.

Administrative – One time absorbable implementation costs of approximately \$50,000, including \$24,000 in costs to the START

program.

P – CTA, CFT, UTLA, & ACSA (Co-Sponsors), FACCC

O – None known

AB 12X AUTHOR: Assembly Member Runner

TITLE: Rule of 85

LOCATION: Assembly Rules (Special Session adjourned)

BOARD POSITION: Support*

SUMMARY: Provides 2% age factor for members who are at least age 55 and retire with age plus service credit equal to 85, subject to employer option and payment.

COSTS: Benefit program - Reimbursable cost depends on employer

participation.

Administrative - Reimbursable cost depends on employer

participation.

P – None known

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<

AJR 9 AUTHOR: Assembly Member Correa

TITLE: Mandatory Social Security

LOCATION: Resolution Chapter 40, Statutes of 1999

BOARD POSITION: Co-Sponsor*

SUMMARY: Memorializes the President and Congress of the United States not to include mandatory Social Security coverage on noncovered state and local government employees in any Social Security reform legislation.

COSTS: Benefit program – No direct impact.

Administrative – No direct impact.

P-CFT, CRTA, CSBA, CTA, FACCC, UTLA

O – None known

SB 39 AUTHOR: Senator Baca

TITLE: Career bonus enhancement

AMENDED: 4/19/99

LOCATION: Senate Appropriations (Two-year bill)

BOARD POSITION: Support, if amended*

SUMMARY: Increases career bonus for members with 29 or more years of service credit.

COSTS: Benefit program – \$72 million annual increase in required

contributions for 30 years.

Administrative – Absorbable costs.

P - CTA

CALIFORNIA STATE TEACHERS'RETIREMENT SYSTEM LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<

SB 73 AUTHOR: Senator Murray

TITLE: State contracts: participation goals for small businesses

AMENDED: 6/24/99

LOCATION: Assembly Appropriations

BOARD POSITION: Neutral*

SUMMARY: Establishes goals for participation by small businesses in state agency contracts, including contracts for investment services.

COSTS: Benefit Program – None

Administrative – About \$40,000 in increased costs of reporting. Unknown potential increase costs for investment transactions.

P – AFSCME, East Bay Municipal Utility District, Southern California Contractors' Association

O – American Electronics Association, California Builders Association

SB 105 AUTHOR: Senator Burton

TITLE: CalSTRS and CalPERS: Northern Ireland investments

AMENDED: 6/8/99

LOCATION: Assembly Floor BOARD POSITION: Support*

SUMMARY: Requires annual report on corporations that CalSTRS and CalPERS invests in and operate in Northern Ireland, and CalSTRS and CalPERS support for shareholder resolutions encouraging affirmative action in Northern Ireland.

COSTS: Benefit program – None.

Administrative – Under \$15,000 annually.

P – CalSTRS, California Democratic Party, CFT, CRTA, CSEA, CTA, Irish American Caucus

^{*} Approved by the Board

LEGISLATIVE SUMMARY - REGULAR BOARD 1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<

SB 159 AUTHOR: Senator Johnston

TITLE: CalSTRS health care benefits

AMENDED: 5/18/99

LOCATION: Assembly Appropriations

BOARD POSITION: Sponsor*

SUMMARY: Requires Teachers' Retirement Board to develop a program to provide health care benefits to CalSTRS members and to their beneficiaries, children, and dependent parents.

COSTS: \$625,000 for additional CalSTRS staff and consultant activity to

fully develop a health care program.

P – CalSTRS (Sponsor), ACSA, ART, CFT, CRTA, CTA, FACCC

O – None known

SB 318 AUTHOR: Senator Burton

TITLE: Cash Balance Benefit Program: multiple employer

LOCATION: Senate PE&R (Two-year bill)

BOARD POSITION: Co-Sponsor*

SUMMARY: Deletes the provision prohibiting a member of the DB Program who is employed by more than one employer, as specified, from participating in the CB Benefit Program unless all of the member's employers participate in the CB Benefit Program.

COSTS: Benefit program – None.

Administrative – Potential one-time cost for reprogramming of employer reporting systems. Potential savings to employers and CalSTRS by eliminating unnecessary reporting and corrective procedures.

P – CalSTRS, CFT (Co-Sponsors), FACCC

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<

SB 437 AUTHOR: Senator Rainey

TITLE: Restoration of family allowance payments

AMENDED: 4/5/99

LOCATION: Assembly Appropriations BOARD POSITION Support, if amended*

SUMMARY: Authorizes surviving spouses of deceased members who previously lost entitlement of benefits due to remarriage to resume payments, on or after January 1, 2000.

COSTS: Benefit Program – Approximately \$12.3 to \$55.8 million total cost

for 96 to 345 individuals.

Administrative – Approximately \$67,000 ongoing absorbable costs.

P - Author

O – None known

SB 473 AUTHOR: Senator Ortiz

TITLE: Employer purchase of permissive service credit

AMENDED: 5/6/99

LOCATION: Senate Appropriations (Two-year bill)

BOARD POSITION Sponsor*

SUMMARY: Authorizes a school district, community college district, or county office of education to pay all or a portion of the member's costs for nonqualified service.

COSTS: Benefit program – No cost to TRF.

Administrative – Absorbable within existing resources.

P – CalSTRS

LEGISLATIVE SUMMARY - REGULAR BOARD

1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<

SB 833 AUTHOR: Senator Ortiz

TITLE: Application of 1999 benefit enhancements

AMENDED: 5/6/99

LOCATION: Assembly Appropriations

BOARD POSITION: Support*

SUMMARY: Provides enhanced retirement benefits to some members who

retired before 1999.

COSTS: Benefit program – \$305 million total cost for 1998 retirees and

probably less than \$64 million for pre-1998 retirees reinstating and

receiving the career bonus.

Administrative – None.

P – ACSA, ART, CTA, CFT, CRTA, FACCC, F.A.I.R., UTLA

O – None known

SB 1074 AUTHOR: Senate PE&R

TITLE: Technical housekeeping

AMENDED: 7/7/99

LOCATION: Assembly Appropriations

BOARD POSITION: Sponsor*

SUMMARY: Makes a variety of technical amendments to the Teachers'

Retirement Law.

COSTS: Benefit program – Immaterial net costs.

Administrative - No direct costs.

P – None known

CALIFORNIA STATE TEACHERS'RETIREMENT SYSTEM LEGISLATIVE SUMMARY - REGULAR BOARD 1999-2000 Regular Session – August 13, 1999

BILL NO. >>> STATUS <<<<<<<<<<<<<

SB 1245 AUTHOR: Senator Hayden

TITLE: CalSTRS and CalPERS investments in corporations owing

compensation for using slave and forced labor in World War II

LOCATION: Chapter 216, Statutes of 1999

BOARD POSITION: Support*

SUMMARY: Requires CalSTRS and CalPERS to monitor and report on investments in businesses that owe compensation to victims of slave labor.

COSTS: Benefit program - None.

Administration - Under \$10,000.

P- City of Los Angeles, National Council of Jewish Women, Southern California Council for Soviet Jews, Hebrew Union College-Jewish Institute of Religion, B'Nai Tikvah Congregation, Skirball Cultural Center, Survivors of the Shoah, Auschwitz Study Foundation, Inc., Valley Beth Shalom, Association of Holocaust Survivors from former USSR, and numerous individuals

L E G E N D OF ABBREVIATIONS

P = PROPONENTSO = OPPONENTS

ABBREVIATION **ORGANIZATION**

AALA Associated Administrators of Los Angeles

Association of California Community College Administrators ACCCA

Association of California School Admiistrators ACSA

AFSCME American Association of State, County and Municipal Employees

AFT American Federation of Teachers **AGENCY** State and Consumer Services Agency **ART** Association of Retired Teachers

BOE **Board of Equalization**

BOG Board of Governors, California Community Colleges

California Taxpayers Association Cal-Tax

CalPERS California Public Employees Retirement System California Public Interest Research Group CalPIRG California State Teachers' Retirement System **CalSTRS** CASBO California Association of School Business Officers

CCA Community College Association California Council for Adult Education **CCAE**

California Community Colleges **CCC CFA** California Faculty Association California Federation of Teachers **CFT** California Police Chiefs' Association **CPCA**

CPFFA California Professional Firefighters Association

CPOA California Peace Officers' Association **CRTA** California Retired Teachers Association **CSAC** California State Association of Counties California School Boards Association **CSBA CSEA** California School Employees Association

CSL California Senior Legislature California State University **CSU** CTA California Teachers Association

DOE Department of Education **DOF** Department of Finance

DGS Department of General Services

DPA Department of Personnel Administration

FACCC Faculty Association of California Community Colleges

Faculty Attempting to Improve Retirement F.A.I.R. **FCPHE** Faculty Coalition for Public HigherEducation

FTB Franchise Tax Board

LADSA Los Angeles Deputy Sheriffs' Association Los Angeles Unified School District LAUSD Orange County Department of Education **OCDE**

L E G E N D OF ABBREVIATIONS

P = PROPONENTS O = OPPONENTS

ABBREVIATION ORGANIZATION

PARS	Public Agency Retirement System
PERF	Public Employees Retirement Fund
RPEA	Retired Public Employees Association
SACRS	State Association of County Retirement Systems
SBMA	Supplemental Benefit Maintenance Account
SDCOE	San Diego County Office of Education
SEIU	Service Employees International Union
SLC	State Lands Commission
SSC	School Services of California
SSDA	Small School Districts' Association
START	State Teachers' Automation Redesign Team
TRB	Teachers' Retirement Board
TRF	Teachers' Retirement Fund
TRL	Teachers' Retirement Law

STANDING COMMITTEES OF THE ASSEMBLY/SENATE

United Teachers of Los Angeles

Assembly PER&SS Assembly Public Employees, Retirement and Social Secuty
Senate PE&R Senate Public Employment and Retirement

UTLA